

USAID

**ARMENIAN EARTHQUAKE ZONE
RECOVERY PROGRAM**

BANK MANUAL

Prepared for USAID/Armenia

The Urban Institute, Washington, DC

August 2001

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1. Introduction

This manual provides step-by-step instructions for processing by contracted banks of Housing Certificates as part of the Armenian Earthquake Zone Recovery Program. These instructions are to be followed strictly by all program participants, including Banks, Certificate Holders, and House Sellers.

2. Changes to the Manual

The Manual is subject to change. Suggestions for changes should be addressed to the Program Manager. Only the Program Manager may authorize changes to the Manual.

3. Recommendations to Banks on Administration

Certificate processing will be carried by those personnel identified in the proposal submitted by the bank in response to the RFP. These designated persons are required to be thoroughly familiar with assigned duties and must be prepared to direct Certificate Holders to appropriate resources in order to resolve problems.

A branch deputy director-level bank official should supervise all aspects of the Program, including confirming compliance with all program policies and overseeing the funds disbursement process.

The information obtained by the Bank in administering this program is highly confidential and the Bank should protect this confidentiality by employing strict security procedures. Access to all documents and information should be restricted to only those directly involved with the processes. Use of information by any other persons must be approved by the Program Manager.

The remainder of this document describes the tasks required to administer the Program in greater detail.

4. Bank's Responsibility to Provide Advising to Certificate Holders

The Bank is required to provide certain advising services. The Bank must make readily available, for the duration of the Program, employees with appropriate expertise to advise Certificate Holders. The main areas for advising will be compliance with program requirements, and legal and clerical aspects of housing purchase. Regarding housing purchasing, the Bank's advisors should have practical experience in law specifically relating to real estate transactions.

5. Implementation Procedures

5.1. Certificate Processing Initiation

Step 1: The Program Manager provides to the Bank a copy of the Master Log of Certificate Issuance (Master Log). The Master Log will reflect:

- 1) name of the Certificate Holder and all family members;
- 2) passport data of the Certificate Holder and all family members (number, serial number, date-of-issuance, and issuing institution);
- 3) certificate number;
- 4) number of rooms of housing unit;
- 5) monetary value;
- 6) name of bank assigned for processing (during first phase of program);

7) date of issuance of the certificate and expiration date.

Step 2: Based on the Master Log, the Bank creates a folder (both hard copy and computer file) for each Certificate Holder assigned to the Bank. The Certificate Holder's Folder is used to collect all documents and correspondence related to the processing of the certificate. The Certificate Holder's name and certificate number will identify each folder. A Document Checklist (Exhibit CP-1) is placed in the Certificate Holder's Folder (Item 1). The checklist includes a space for a check mark next to each list item, where it may be indicated the presence of that particular document.

5.2. Housing Certificate Registration

Step 3: The Certificate Holder presents:

- 1) the original Housing Certificate in person to the Bank;
- 2) his or her passport.

The Certificate Holder may authorize another person to represent his or her interests. In such case, the authorized person presents to the Bank:

- 1) the original Housing Certificate;
- 2) his or her passport;
- 3) letter of authorization for registering the Certificate with the Bank and for representing the interests of the Certificate Holder.

Step 4: The Bank compares the following information on the certificate to the Master Log:

- 1) name of the Certificate Holder;
- 2) passport data of the Certificate Holder (number, serial number, date-of-issuance, issuing institution);
- 3) certificate number;
- 4) number of rooms of housing unit;
- 5) monetary value;
- 6) name of Bank assigned for processing (during the first phase of the program);
- 7) date of issuance and expiration date of the certificate;

If any discrepancy between the Certificate and the Master Log is noted processing is stopped and the Bank provides the Notification of Process Suspension (Exhibit CP-2) to the Program Manager (Item 2). The Bank instructs the Certificate Holder to contact the Program Manager in order to resolve the discrepancy. As soon as the certificate or Master Log has been corrected and initialed by a member of the project team so that the certificate matches the master log, the bank may continue processing.

Step 5: If no discrepancies are noted between the Certificate and the Master Log, the Bank places its stamp in the designated location on the Certificate. The stamping of the Certificate represents official confirmation of registration by the Bank.

Step 6: A photocopy of the stamped Housing Purchase Certificate is placed in the Certificate Holder's Folder (Item 3).

5.3. Contact Information and Presentation of Terms and Conditions

Step 7: The Certificate Holder completes a Contact Information Form (Exhibit CP-3) and provides it to the Bank.

Step 8: The Contact information form is placed in the Certificate Holder's Folder and (Item 4) is checked on the checklist.

Step 9: The Bank provides an oral explanation of the project process and a copy of the Terms and Conditions of the Program (CP-4). If the process is not well understood by the Certificate Holder, or if he or she has specific questions, the bank employee should ensure that all issues are discussed to the point where the person has an adequate understanding.

5.4. Presale Agreement ("Protocol About Intentions")

Step 10: When the Certificate Holder has selected a housing unit, the Certificate Holder and the Seller come to the Bank to start the Program process; at this point, the bank employee will explain to the Seller the terms and conditions of the program relating to the housing purchase transaction.

Step 11: . Next, the Seller must (a) fill out *all* questions in the Seller's Questionnaire (Exhibit CP-5) and (b) sign the Municipality's Official Notice (Exhibit CP-6) in his or her own handwriting. Completing (a) and (b) is a requirement for participation in the Program. The Certificate Holder and Seller may not proceed to the next step until (a) and (b) are completed. If the Seller gives a domic address as his/her future address, then the Certificate Holder and Seller may not proceed to the next step until the Seller is able to provide a permanent shelter address as his/her future residence. The Seller's Questionnaire and the Municipality's Official Notice (Items 5 and 6) are placed in the folder.

Step 12: The Certificate Holder should agree with the Seller on the price and other terms, which must comply with program requirements. Specifically, the number of rooms in the apartment to be purchased must be no fewer than the number indicated on the Certificate; the Seller must have clear title to the apartment to be purchased; and all of the family members listed in the Master Log must be included. The agreed-upon price and other terms should be stated in the Presale Agreement (Exhibit CP-7), which should be signed by both parties and submitted to the Bank, together with a copy of the Seller's Certificate-of-Ownership. The Presale Agreement, as well as any other document related to the housing purchase transaction, may not include a term for pre-payment or down-payment. In order to prevent mistakes in the forming of the Presale Agreement and to facilitate the preliminary analyses, it is recommended that the Certificate Holder and Seller come to the Bank to fill-out the Presale Agreement and present necessary proof-of-ownership documents.

Step 13: The Bank examines the Presale Agreement for compliance with the terms and conditions of the program. If the agreement meets all terms and conditions, it is accepted and the Bank proceeds to Step 15, below. Otherwise the Bank provides the Notification of Process Suspension (Exhibit CP-2), executes Step 14, below, and waits for a new Presales Agreement to be submitted by the Certificate Holder.

Step 14:

Copies of each of the Notification of Process Suspension (Exhibit CP-2) and the rejected Presales Agreement are placed in the Certificate Holder's Folder (Items 2 and 7). The Notification of Process Suspension is provided to the Certificate Holder and Program Manager.

Step 15: The Bank's copies of each the Presales Agreement and the Seller's Certificate of Ownership is placed in the Certificate Holder's Folder (Items 8 and 9).

5.5. Housing Physical Inspection

Upon acceptance of Presale Agreement, within 3 working days the Bank will organize an inspection of the housing unit according to the following steps:

Step 16: An expert hired by the Bank accomplishes the physical inspection of the housing unit. The Bank invites the Seller and Certificate Holder to be present during the inspection; the attendance of the Certificate Holder is mandatory. The expert completes and signs the Housing Physical Inspection Finding (Exhibit CP-8), which is also signed by the Certificate Holder. This document declares the acceptability or unacceptability of subject housing unit for habitation.

Step 17: The original Housing Physical Inspection Finding is placed in the Certificate Holder's Folder (Item 10) and a copy provided to UI project staff. If the housing unit is found acceptable, then proceed to the next step, if not, then the Certificate Holder must begin again with the selection of a different housing unit.

5.6. Receipt of Housing Documents and Juridical Expertise

Step 18: Within two (2) business days after completion of the Housing Physical Inspection Finding, the Bank notifies the Seller that he or she should acquire the Certificate on Real Estate (the Cadastre Department's Form No. 7). Within two (2) business days of receiving this notification, the Seller must submit his or her application to receive the Certificate to the Regional State Cadastre Department.

Step 19: All within 2 (two) business days of receiving the Certificate on Real Estate, the Seller will note if permission must be granted from any other party or parties in order to sell the housing unit. If permission is necessary, the other party or parties will complete the Agreement by Other Parties on Sale of Housing Unit (Exhibit CP-9).

Step 20: The Seller provides to the Bank the Agreement by Other Parties on Sale of Housing Unit (if applicable) and the Certificate on Real Estate (Cadastre Department's Form No. 7) not later than 2 business days after the Certificate is issued by the Regional State Cadastre Department.

Step 21: A copy of the Certificate on Real Estate and the Agreement by Other Parties on Sale Housing Unit (if applicable) is placed in the Certificate Holder's Folder (Item 11 and 12).

Step 22: Within 1 business day of receiving the Certificate on Real Estate and the Agreement by Other Parties on Sale Housing Unit (if applicable), a bank employee performs the expertise on the juridical documents presented to this point (Certificate of Ownership, Certificate on Real Estate, the Agreement by Other Parties on Sale Housing Unit (if applicable), and the Presale Agreement). In the process of this expertise, the bank employee should determine:

- that the Seller, in fact, has the right to alienate the real estate in question;
- that the subject housing unit is, in fact, registered as real estate with the Regional State Cadastre Department;
- the existence of the ownership rights in the housing unit to be alienated;
- the presence/absence of any restrictions of the housing unit to be alienated (clear title);
- the presence/absence of ownership rights of third parties to the housing unit to be alienated;
- in the case when third parties have ownership rights in the housing unit to be alienated, then it should be certified that the appropriate documents exist by which those third parties have granted permission for sale;
- that all of the members of the family of the Certificate Holder are also mentioned as the buyers (future co-owners) in the Presale Agreement.

Step 23: If the juridical documents are accepted, then proceed to the next step. If discrepancies are noted, the Bank should notify the parties to the Presale Agreement immediately and allow them 7 (seven) business days to perform corrections.

Step 24: The Bank creates the Finding on Juridical Expertise of Housing Documents (Exhibit CP-10).

Step 25: A copy of the Finding on Juridical Expertise of Housing Documents is placed in the Certificate Holder's Folder (Item 13).

Step 26: On the basis of: the Housing Physical Inspection Finding, and the Finding on Juridical Expertise of Housing Documents, the Bank prepares the Declaration on Acceptance/Rejection of Housing Unit (Exhibit CP-11). The Declaration should be signed by the head of the bank branch and should be affixed with the Bank's seal. In the case of rejection, the Declaration should include an explanation of the rejection. In addition the Certificate Holder has the right to select another housing unit and to provide to the Bank a new Presale Agreement or to correct the discrepancies that were the grounds for rejection.

Step 27: A copy of Declaration on Acceptance/Rejection of Housing Unit is placed in the Certificate Holder's Folder (Item 14).

5.7. Request to Auditor

*The Program Manager has contracted with **KPMG**, a professional international auditing firm (hereafter, 'Auditor') to review the copies of specified documents provided by the banks for their consistency with one another and with the Master Log, and for compliance with general program requirements.*

Step 28: Within 2 (two) business days of completing the Declaration on Acceptance/Rejection of Housing (in the case of acceptance) the Bank prepares the Request for Approval of Housing Purchase Transaction with use of Subsidy Payment (Exhibit CP-12) and provides it to the Auditor with a package containing the following documents:

- 1) a copy of the Presale Agreement;
- 2) a copy of the Declaration on Acceptance/Rejection of Housing Unit;
- 3) a copy of the Housing Physical Inspection Finding;
- 5) a copy of the Finding on Juridical Expertise of Housing Documents;
- 6) a copy of the Certificate of Ownership of the Seller;
- 7) a copy of the Certificate on Real Estate (Cadastre Form No. 7),
- 8) a copy (copies) of Agreement(s) by Other Parties on Sale of Housing Unit (if applicable);
- 9) a copy of the Housing Certificate.

Step 29: A copy of the Request for Approval of Housing Purchase Transaction with use of Subsidy Payment is placed in the Certificate Holder's Folder (Item 15).

5.8. Canceling of Transaction Initiated by Buyer and/or Seller (if applicable)

If the Certificate Holder (Buyer) and/or Seller of the housing chooses not to carry out the housing purchase transaction at any time before the signing of the Sale Agreement, then the following actions are undertaken:

Step 30: The Certificate Holder provides the Application for Revocation of Presale Agreement (Exhibit CP-13), which specifies the initiator of the revocation.

Step 31: A copy of the Application for Revocation of Presale Agreement is placed in the Certificate Holder's Folder (Item 16).

Step 32: Within two (2) business days after receiving the Application for Revocation of Presale Agreement, the Bank will provide to the Project Manager a copy of the Application for Revocation of Presale Agreement.

5.9. Opening of Accounts and Drafting of the Sale Agreement

If the housing price is higher than the Certificate value, then the Certificate Holder must provide additional resources (Steps 33 through 36). If the Certificate value is equal to or greater than the housing price as indicated in the Presales Agreement, then within 2 (two) business days after providing the Request for Approval of Housing Purchase Transaction with use of Subsidy Payment to the Auditor, the Bank invites the Certificate Holder and the Seller to the Bank and performs the procedures, described in Steps 38 – 41, below.

Step 33: The Bank provides Instruction on Opening of Current Account (which is a demand deposit) (Exhibit CP-14) to the Certificate Holder and on depositing into that account the amount in dram that has been determined necessary from his or her own resources. When payment is made for the housing unit, funds will be transferred first

from this account and then from the special blocked account, which is described later in this manual.

Step 34: A copy of the Instruction on Opening of Current Account is placed in the Certificate Holder's Folder (Item 17).

Step 35: Upon receipt of the Instruction, the Certificate Holder opens the bank account and deposits the required amount; that is, the difference between the Certificate Value and the higher sales price as indicated in the Presales Agreement.

Step 36: A copy of the agreement for opening the account (a standard bank application) , which should show the number of the account, and the bank statement, confirmed by the Bank, proving accomplishment of the required deposit is placed in the Certificate Holder's Folder (Items 18 and 19).

Step 37: To facilitate the financial transactions relating to the housing purchase, the Certificate Holder submits to the Bank the Application for Opening the Blocked Account (Exhibit CP-15) in his or her name. The blocked account will be used for receiving the subsidy transfer from the Project Manager, and, subsequently, for payment to the Seller. All blocked accounts will be opened in accordance with the Agreement about Opening of the Blocked Accounts for the Housing Certificate Holders (Exhibit CP-16), which is concluded between the Bank and the Project Manager.

Step 38: A copy of the Application for Opening the Blocked Account is placed in the Certificate Holder's Folder (Item 20).

Step 39: The Seller opens a current account (for demand deposits) for receipt of payment for the housing unit.

Step 40: A copy of the agreement for the opening of the Seller's current account is placed in the Certificate Holder's Folder (Item 21).

Step 41: With assistance from the Bank's expert, the Seller and Certificate holder draft the Housing Sale Agreement (Exhibit CP-17), which the Bank is responsible to verify includes the exact conditions and terms as specified in the Presale Agreement, which was submitted to the Auditor.

5.10. Auditor's Decision on Presales Agreement and Notarization of the Sale Agreement

Step 42: Within 3 business days of submitting the Request for Approval of Housing Purchase Transaction with use of Subsidy Payment the Bank receives from the Auditor the Decision on Concurrence/Nonoccurrence for Funding the Housing Purchase Transaction (Exhibit CP-18). In the case of nonoccurrence, the Decision should include written justification from the auditor. Again, in the case of nonoccurrence, the Certificate Holder has the right to select another housing unit and to provide to the Bank a new Presale Agreement.

Step 43: A copy of the Decision on Concurrence/Nonoccurrence for Funding of the Housing Purchase Transaction is placed in the Certificate Holder's Folder (Item 22). In the case of nonoccurrence, a copy of the decision is also sent to the Program Manager.

Step 44: Within three (3) business days of receiving the Decision on Concurrence from the Auditor, the Bank provides a Conditional Commitment Letter (Exhibit CP-19) to the Seller, which confirms the decision to fund the housing purchase transaction under the condition that both parties follow the terms of the Program.

Step 45: A copy of the Conditional Commitment Letter is placed in the Certificate Holder's Folder (Item 23).

Within three (3) business days of receiving the Decision on Concurrence from the Auditor, a bank employee informs the seller that he or she should obtain the Certificate on Real Estate (the Cadastre Department's *Form No. 8*). The Bank employee compares information on *Form No. 8* with information on *Form No. 7* for consistency. After reviewing *Form No. 8*, the bank employee tells the Certificate Holder to visit the Notary to clarify all arrangements that must be made for conducting the final transaction, the Certificate Holder should take with him or her: the draft of the Sale Agreement, the Certificate on Real Estate (*Form No. 8*), and the Certificate of Ownership.

Step 46: The Certificate Holder and Seller are responsible for making all preparations in a timely manner so that the Sales Agreement can be notarized before expiration of the Certificate on Real Estate (15 calendar days from issuance). When all preparations are completed, they should notify the Bank.

Step 47: The Seller, Certificate Holder and third party or parties, who must provide their concurrence for sale of the housing unit, and a Bank representative conclude the Sale Agreement at the Notary.

The bank representative will verify once more that the conditions of the Sale Agreement do not differ from the conditions of the Presale Agreement. A condition of the Sale Agreement is that the version provided to the bank before notarization cannot differ from the notarized version.

Step 48: A copy of the notarized Sale Agreement (Item 24) and the copy of the Certificate on Real Estate (the Cadastre Department's *Form No. 8*) (Item 25) is placed in the Certificate Holder's Folder.

5.11. Funds Transfer to the Certificate Holder's Blocked Account

Step 49: Upon receipt of the notarized Sale Agreement, the Bank will provide to the Auditor the Request for Funds Transfer to the Certificate Holder's Blocked Account (Exhibit CP-20). The Request should specify the amount of the subsidy, and the account number of the Certificate Holder's blocked account. Attached to the Request, should be the package containing the following documents:

- 1) a copy of the notarized Sale Agreement;
- 2) a copy of the agreement (application) for opening the Seller's bank account (which should include the actual account number);
- 3) a copy of the application from the Certificate Holder for opening his or her blocked bank account (which should include the actual account number).
- 4) a copy of the Certificate on Real Estate (Cadastre Department's *Form No. 8*)
- 5) if applicable, a copy of the application from the Certificate Holder opening a current account and the bank statement showing the deposit of the required additional funds; that is

the difference between the Certificate value and the higher housing price indicated in the Sales Agreement.

Step 50: A copy of the Request for Funds Transfer to the Certificate Holder's Blocked Account is placed in the Certificate Holder's Folder (Item 26).

Step 51:

The Auditor provides to the Project Manager within 3 business days after receipt of the copy of notarized Sale Agreement its conclusion regarding transfer of funds. The Project Manager, after receiving the Auditor's positive conclusion, will transfer the funds to the Certificate Holder's blocked account.

Step 52: The next business day after the Bank is notified by the Auditor that the notarized Sale Agreement has been approved, the Certificate Holder and the Seller formally applies at the Regional State Cadastre Department for registration of the sale agreement, transfer of title, and issuance of the Certificate of Ownership.

Step 53: The Certificate Holder presents the Certificate of Ownership to the Bank immediately upon issuance from the Cadastre Department, but not later than 20 days after submission of the sale agreement to the Cadastre Department.

Step 54: One copy of the Certificate of Ownership is placed in the Certificate Holder's Folder (Item 27).

5.12. Handing over to the Bank of the Housing Certificate

Step 55: At the same time as presenting the Certificate of Ownership to the Bank, the Certificate Holder also hands over the original Housing Certificate. The responsible Bank officer completes, signs and stamps the receipt stub of the certificate.

Step 56: The Receipt Stub is removed, a photocopy is made for Bank records and the original is provided to the Certificate Holder and the Housing Certificate is kept by the Bank.

Step 57: The Receipt Stub copy and the original Housing Certificate are placed in the Certificate Holder's Folder (Items 28 and 29).

5.13. Funds Transfer to the Seller

Step 58:

All within two days of receipt of funds to the blocked account of the Certificate Holder, the Bank notifies the Certificate Holder of the receipt of funds in his or her blocked account.

Step 59: The bank statement indicating receipt of funds in the Certificate Holder's blocked account is placed into the Certificate Holder's Folder (Item 30).

Step 60: The Certificate Holder will transfer payment for the housing unit according to the following order below:

scenario #1 – if the own resources of the Certificate Holder are required, then after presenting to the Bank the Certificate of Ownership for the procured housing unit, in which the names of the Certificate Holder and his/her family members are specified:

- 1) the entire amount of the Certificate Holder's own resources will be transferred from the current account of the Certificate Holder to the current account of the Seller, and
- 2) the amount that, together with the amount paid from the Certificate Holder's own resources, will constitute 80% of the purchase price of the housing unit (hereafter, the "1st subsidy transfer") will be transferred from the blocked account of the Certificate Holder to the current account of the Seller;
- 3) The final payment (hereafter, the "2nd subsidy transfer") is transferred from the Certificate Holder's blocked account to the Seller's current account after presenting to the Bank the Transfer Statement (see Exhibit CP-21), which is signed by the Certificate Holder and the Seller, and official documents from ZhEK, demonstrating the de-registration of the people registered in the apartment that is the subject of the Sales Agreement. At this point, the Bank will ask the Seller again to provide the address of his/her future residence.

scenario #2 – if the own resources of the Certificate Holder are not required, then after presenting to the Bank the Certificate of Ownership for the procured housing unit in which the names of the Certificate Holder and his/her family members are specified:

- 1) an amount constituting 80% of the of the purchase price of the housing unit (hereafter, the "1st subsidy transfer") will be transferred from the blocked account of the Certificate Holder to the current account of the Seller;
- 2) The final payment (hereafter, the "2nd subsidy transfer") is transferred from the Certificate Holder's blocked account to the Seller's current account after presenting to the Bank the Transfer Statement (see Exhibit CP-21), which is signed by the Certificate Holder and the Seller, and official documents from ZhEK, demonstrating the de-registration of the people registered in the apartment that is the subject of the Sales Agreement. At this point, the Bank will ask the Seller again to provide the address of his/her future residence.

Which of the two scenarios above is implemented, as well as the actual transfer amounts, will be shown in the Sale Agreement that is concluded between the Certificate Holder and the Seller. The remainder of the subsidy (if applicable) is paid to the Certificate Holder in accordance with Section 5.13 below.

Step 61: The following are placed in the Certificate Holder's Folder:

- 1) copy of the bank statement showing the transfer to the Seller from the account containing the Certificate Holder's own resources, if applicable (Item 31);
- 2) copy of the bank statement showing the transfer to the Seller of the 1st subsidy transfer from the Certificate Holder's blocked account (Item 32);
- 3) the bank statement reflecting receipt of the Certificate Holder's own resources in the Seller's account, if applicable, (Item 33);
- 4) and, the bank statement reflecting receipt of the 1st subsidy transfer in the Seller's account (Item 34).

Step 62: When the Seller is prepared to vacate the housing unit, he or she and the Certificate Holder come to the Bank to sign the Transfer Statement (see Exhibit CP-21). In addition to signing the Transfer Statement, the Seller must present documents demonstrating that all communal services have been paid for and that all people previously registered at that address have been de-registered, in order to receive the final 20% payment. At this point, the Bank will also ask the Seller again to provide the address of his/her future residence.

Step 63: A copy of the Transfer Statement is placed in the Certificate Holder's Folder (Item 35).

Step 64: Upon receipt of the Transfer Statement, the Bank will execute the 2nd subsidy transfer from the blocked account of the Certificate Holder to the account of the Seller.

Step 65: Copies of the bank statement showing the 2nd subsidy transfer from the Certificate Holder's blocked account (Item 36) and the bank statement reflecting receipt of 2nd subsidy transfer in the Seller's account (Item 37) are placed in the Certificate Holder's Folder.

5.14. Transfer of Subsidy Remainder (if applicable)

In accordance with the Program guidelines, the Certificate Holder may use the subsidy remainder as he or she wishes, but only after presenting to the Bank the Handover Act of Temporary Housing. The Certificate Holder is obligated to dispose of his former residence according to the Municipal Agreement. The fact of vacating and subsequent handing over to the Municipality, is evidenced by the Handover Act of Temporary Housing (Exhibit CP-22). The Act should be signed by: the authorized representative of the appropriate city, the Certificate Holder, and all adult members of the Certificate Holder's family.

Step 66: In order to receive the subsidy remainder, the Certificate Holder opens a current account in the Bank.

Step 67: Upon receiving the Handover Act of Temporary Housing, the Bank allows the Certificate Holder to transfer the subsidy remainder from his or her blocked account to his or her current account.

Step 68: A copy of the Handover Act of Temporary Housing is placed in the Certificate Holder's Folder (Item 38).

Step 69: Copies of the following documents are placed in the Certificate Holder's Folder:

- 1) Certificate Holder's agreement with the Bank (standard bank application form) to open the current account (Item 39);
- 2) the bank statement reflecting transfer of the subsidy remainder from the blocked account to the Certificate Holder's current account (Item 40);
- 3) the bank statement reflecting receipt of the subsidy remainder in the current account of the Certificate Holder (Item 41).

5.15. Redemption of the Certificate

Step 70: The Bank Sends to the Auditor:

- 1) the original Housing Purchase Certificate, marked “redeemed” by the Bank; and the copies of:
- 2) the bank statement reflecting the transfer of funds from the account containing the Certificate Holder’s own resources to the Seller’s account, if applicable;
- 3) the bank statement reflecting the 1st subsidy transfer from the Certificate Holder’s blocked account to the Seller’s account;
- 4) the bank statement reflecting the 2nd subsidy transfer from the Certificate Holder’s blocked account to the Seller’s account;
- 5) the signed Transfer statement between the Certificate Holder and the Seller;
- 6) the bank statement reflecting receipt of the transfer of the Certificate Holder’s own resources in the Seller’s account, if applicable;
- 6) the bank statement reflecting receipt of the 1st subsidy transfer in the Seller’s account;
- 8) the bank statement reflecting receipt of the 2nd subsidy transfer in the Seller’s account;
- 9) Handover Act of Temporary Housing, if applicable;
- 10) the Certificate Holder’s agreement with the Bank to open the current account, if transfer of subsidy remainder was conducted;
- 11) the bank statement reflecting the transfer of the subsidy remainder to the Certificate Holder’s current account if transfer of subsidy remainder was conducted;
- 12) the bank statement reflecting receipt of the subsidy remainder in the current account of the Certificate Holder, if transfer of subsidy remainder was conducted;
- 13) a copy of the Certificate of Ownership of the purchased housing unit.

6. Other Considerations

6.1. Extension of the Validity of the Certificate

If the Certificate Holder does not present a Sales Agreement that has been approved by the auditor to the Bank within three months of the certificate issuance date, he or she may apply to the Urban Institute to extend the validity of his or her certificate up to three additional months.

The Project Manager accomplishes the Decision on Extension Request (Exhibit CP-23), stating the new expiration date.

A copy of Decision on Extension Request is provided to the Bank and placed in the Certificate Holder’s Folder (Item 42).

When the Certificate Holder presents the Housing Certificate, which has been extended, to the Bank, the bank employee will signify the new expiration date in the space provided on the Certificate.

6.2. Lost Certificate

A given certificate may be issued only one time. In the case of a lost certificate, the Certificate Holder will not be given a duplicate certificate. The Certificate Holder should provide to the Project Manager the Application for Replacement Certificate (Exhibit CP-24). The Project Manager will void the lost certificate and will issue a replacement certificate with a new number, which will be provided to the Certificate Holder with the same specifications as the original (i.e., subsidy amount, expiration date etc). The new certificate will be clearly marked

“replacement,” and will indicate the number and serial number of the lost certificate. The Project Manager will inform all banks participating in the project of the identification number of the lost certificates and of the new identification number of the replacement certificates.

6.3. Reporting

The Bank reports to the Program Manager according to the contract signed between them. The Bank will provide the Weekly Bank Report (Exhibit CP-25) each week to the Program Manager. The Bank will provide on a weekly basis those Seller’s Questionnaires and the Municipality’s Official Notices filled out during the previous week and copies of all Housing Physical Inspections completed during the previous week.,

Within two weeks of program completion, the Bank submits to the Program Manger the General Report, which includes reports on all certificates registered in the Bank.

6.4. Archives

All accounting documentation regarding the disbursement of funds as well as the copies of documents, correspondence, working documents, and any other information related to the transactions, must be kept in the bank Archives for a period of 7 years, according to the law of the Republic of Armenia. All records and files are to be provided upon request to any agency or auditors appointed by the Unites States Agency for International Development or any other agency of the Government of the United States of America.

Annex A

Purchasing Two Housing Units with One Certificate

Certificate Holders may purchase more than one housing unit with one certificate; however, purchasing more than two housing units requires special permission. The total combined number of rooms in the separate units must be equal to or greater than the number of rooms indicated on the housing certificate. Processing a certificate for the purchase of two units is done in the same way as processing a certificate for one unit. However, the bank must complete each section of the bank manual *at the same time* for the two units.

If a certificate holder wants to purchase two housing units, the bank should provide an explanation regarding the additional terms of the purchase and have the holder complete and sign the Buyer's "Notification on Purchasing of Two Housing Units" (Exhibit CP-A1).

Note that the certificate holder and each member of his or her family can be listed as a co-owner on one and only one of the two homes to be purchased with program funds.

Prior to signing any presale agreement, the bank should also have each seller read and sign the Disclosure Statement to the Seller (Exhibit CP-A2).

Banks should process the purchase of both units simultaneously. The Program Manager will approve fund transfers only when BOTH units have been processed fully and have been approved by the auditor. Two subfolders should be created to maintain clear records for each real estate transaction.

Banks should complete each section of the Bank Manual for both housing units before moving on to the next section. Prior to beginning these steps, the Buyer and the members of his/her family should sign Exhibit CP-A1.

- Complete Section 5.4, "Presales Agreements," for both units before moving on to the next section (Exhibit CP-A3). At this time, the Bank should explain the terms and conditions of the program to BOTH sellers and have each seller sign Exhibit A-2. It is important for sellers in the Program to recognize that their transaction is only valid and funds will only be transferred when the buyer fulfills the Program requirements (i.e., the total number of habitable rooms is equal to or greater than the number of rooms stated on the certificate);
- Complete Section 5.5, "Housing Physical Inspection," for both units before moving on to the next section;
- Complete Section 5.6, "Receipt of Housing Documents and Juridical Expertise," for both units before moving on to the next section. NOTE: It is important that both sellers obtain the required Certificate on Real Estate at the same time since the Certificate is valid for only 15 days after issue. Sales agreements must be signed for both units before the Certificate expires.
- Complete Section 5.7, "Request to Auditor," for both units before moving on to the next section;
- (If applicable) Complete Section 5.8, "Canceling of Transaction Initiated by Buyer and/or Seller." If either housing unit transaction is canceled, the certificate holder is required to find an alternate unit that meets Program requirements before the bank continues to process the other housing unit.

- Complete Section 5.9, “Opening of Accounts and Drafting of the Sale Agreement,” for both units before moving on to the next section. Both Sellers should open a current account in the bank. Separate sale agreements (Exhibit CP-A4) should be prepared for the two housing units. Each sales agreement will be considered void if the other Seller will not sign the other Sale Agreement.
- Complete Section 5.10, “Auditor’s Decision on Presales Agreement and Notarization of the Sale Agreement,” for both units before moving on to the next section. The signing of the sales agreement at the notary should be completed **SIMULTANEOUSLY** for both housing unit transactions.
- Complete Section 5.11, “Funds Transfer to the Certificate Holder’s Blocked Account,” for both units before moving on to the next section.
- Complete Section 5.12, “Handing over to the Bank of the Housing Purchase Certificate,” before moving on to the next section.
- Complete Section 5.13, “Funds Transfer to the Seller,” for both units before moving on to the next section. For both apartments, the Bank should first transfer only 80% of the purchase price, with the final 20% being transferred once the seller and buyer sign the Transfer Statement.
- Complete Section 5.14, “Transfer of Subsidy Remainder” (if applicable), and Section 5.15, “Redemption of the Certificate.”

**NOTIFICATION
ON PURCHASING OF TWO HOUSING UNITS**

“ ____ ” _____ (date).

To: _____ (bank name and location)

From: Holder of HC # _____ ,

I, _____, and the members of my family have read, understood, and agreed to the conditions listed below for the purchase of two housing units using one certificate.

- The certificate holder and the members of his/her family can purchase no more than two housing units.
- The certificate holder and the members of his/her family will not receive additional funds. They will only receive the amount appearing on their original Certificate.
- The total number of rooms in both housing units cannot be less than the number of rooms shown on the original certificate.
- Each unit must meet program requirements for building standards.
- The presale agreement for both units should be signed at the same time.
- If the certificate value is not sufficient to pay for both units, the Certificate holder will be required to open a current account with the bank and deposit the additional money required to complete the transaction.
- The certificate holder and the members of his/her family will also be required to sign the final sale agreements for both housing units at the same time. The Bank and the Project Manager will not allow you to purchase one unit without purchasing the second unit.
- The buyer will not have additional time to locate two units. If the buyer fails to locate two units or decides that one unit better meets his/her needs before the certificate expires, he/she may still purchase a single unit. The buyer must immediately inform the bank of his/her intent to purchase a single unit. The buyer will not be given additional time to locate a single unit if he/she decides not to purchase two units. This single unit must have at least the number of rooms stated on the certificate. The buyer will not be allowed another opportunity to purchase two units.
- The certificate holder and each member of his or her family can be listed as a co-owner on one and only one of the two apartments to be purchased with program funds.

We realize that we may have difficulty finding two apartments whose combined value is less than the monetary value listed on our certificate, that some sellers may refuse to participate in a transaction that depends on the actions of another seller and we are aware that it may be difficult for us to find two units that we like that are available for purchase at the same time.

The table below lists which apartment each member of the family will live in and be listed as co-owners of the units.

HOUSING UNIT 1 NUMBER OF ROOMS _____ The members of my household that will occupy this housing unit are:		HOUSING UNIT 2 NUMBER OF ROOMS _____ The members of my household that will occupy this housing unit:

Signed,

1. _____ / _____
(first name, last name, passport data) (signature)
2. _____ / _____
(first name, last name, passport data) (signature)
3. _____ / _____
(first name, last name, passport data) (signature)
4. _____ / _____
(first name, last name, passport data) (signature)
5. _____ / _____
(first name, last name, passport data) (signature)
6. _____ / _____
(first name, last name, passport data) (signature)
7. _____ / _____
(first name, last name, passport data) (signature)
8. _____ / _____
(first name, last name, passport data) (signature)
9. _____ / _____
(first name, last name, passport data) (signature)
10. _____ / _____
(first name, last name, passport data) (signature)

Disclosure Statement to the Seller

“__” _____ (date)

The Certificate Holder (Buyer) is intending to purchase my housing unit within the framework of the EQZRP. I am aware that the successful completion of the sale agreement between myself and the Buyer is dependent on the successful completion of another sale agreement for an additional housing unit between the buyer and a third party. I will not hold the program manager or the bank responsible for any financial losses or problems that arise from the failure of the third party and the Buyer to successfully complete a sales agreement.

Seller's Name

(Signature) I have read the above statement

Presale Agreement (Protocol About Intentions)

_____ (City) _____ (date)

_____ (surname, patronymic, name)

Passport serial # _____ # _____, code _____

issued _____

Address _____

hereinafter referred to as the “BUYER,” and

_____ (surname, patronymic, name)

passport serial # _____ # _____, code _____

issued _____

Address _____

hereinafter referred to as the “SELLER”, have concluded the following Agreement:

1. The SELLER sells and the BUYER buys an apartment (in an apartment building) or a house as a real estate, located at

which has the following specifications:

total space _____ square meters

dwelling space _____ square meters

floor _____

number of rooms _____

availability of water and sewerage system _____

availability of electricity _____

availability of gas _____

bathroom _____

It is understood and agreed to by the parties (Buyer and Seller) that the following specifications for fixtures and appurtenances applies for disposition at sale:

Any other items not listed will not be part of the sale.

2. The agreed-upon price of the housing unit is _____ USD, to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer.

2.1. The price of the land as well as the price of its ownership is included in the price of the housing unit.

- 2.2. The SELLER states that he/she is informed that when the BUYER and SELLER will be signing the Sale Agreement, the obligations and responsibilities of the parties are contingent on the signing of another Sale Agreement for a second housing unit by the household members mentioned below in the Housing Certificate No. _____

3. The SELLER is informed that the housing unit is purchased within the framework of the Housing Certificate Program and as a result, the payment will be made by bank transfer. 80% of total payment will be made after registration of the BUYER'S Right of Ownership with the Real Estate Regional Cadastral Department, and the remaining 20% will be paid upon the actual turnover of the housing unit to the BUYER and the submission of the Transfer Statement, signed by both parties, and of the official documents from ZhEK, demonstrating the de-registration of the people registered in that apartment, to the bank.

4. The housing unit, according to the SELLER's declaration and presented documents, belongs to _____

_____ (include name and passport data)

3. The SELLER confirms that at the moment of signing this Agreement the housing unit is not mortgaged, is not under lien and does not belong to other parties, and other parties have no right of usage over the unit. The SELLER guarantees that the designated housing unit will not be sold, donated, mortgaged, exchanged or otherwise alienated to a third party before the signing of the Sale Agreement. The housing unit will be kept in the same condition as when agreed upon and as reflected in the Housing Physical Inspection Finding completed by the bank representative.
4. The SELLER pays all the expenses related to the signing of this Agreement, its notarization and registration with the Real Estate Regional Cadastral Department.
5. The SELLER passes to the BUYER all the accessories and documents upon signing of the Sale Agreement and state registration of ownership of the housing unit as required by standard order.
6. Prior to signing of the Sale Agreement both the SELLER and the BUYER are free to cancel this Agreement at any time, as well as make changes and additions which do not contradict the legislation of the Republic of Armenia. In case any material loss is inflicted by one of the Parties to the other Party, the Party who has caused the material loss is obliged to reimburse the damages.
7. The SELLER and the BUYER confirm that they are informed about the requirements of the Housing Purchase Certificate Program, as well as the provisions of the Republic of Armenia Civil Code related to housing sale and purchase, which was explained to and understood by both parties.
8. The SELLER and the BUYER conclude the housing Sale Agreement in Armenian, in two copies which have the same legal power.

9. This Presale Agreement is signed in three copies, two copies are passed to the Parties and the third copy is passed to the Bank.

10. The signatures of the Parties:

SELLER _____
(signature, surname, patronymic, name)

BUYER _____
(signature, surname, patronymic, name)

Housing Sale Agreement

_____(location)

_____ (date)

We, _____
(surname, patronymic, name)

passport serial # _____, # _____, code _____, issued _____,

address _____,

hereinafter referred to as the "BUYER,"

and _____
(surname, patronymic, name)

passport serial # _____, # _____, code _____, issued _____,

address _____

hereinafter referred to as the "SELLER," have concluded the following Agreement:

1. The Subject of the Agreement

1.1. The SELLER sells and the BUYER buys an apartment as a real estate, number of rooms being _____ located at _____

_____ or a house located at _____

hereinafter referred to as "HOUSING," with the following specifications:

1.2. The HOUSING is owned by the SELLER, Certificate of Ownership # _____, issued _____ (date)
by _____
(name of the issuing body)

1.2.1. The co-owners of the HOUSING are:

_____ (name) _____ (passport data)
_____ (name) _____ (passport data)
_____ (name) _____ (passport data)
_____ (name) _____ (passport data)

1.2.2. The individuals who have usage rights to this housing unit, which is registered in the territorial subdivision of the real estate Cadastre as permitted under the law:

_____ (name) _____ (passport data)
_____ (name) _____ (passport data)
_____ (name) _____ (passport data)
_____ (name) _____ (passport data)

- 1.2.3. The co-owners and those who have usage rights to the HOUSING agree that, in accordance with this Agreement, their ownership and usage rights accordingly are canceled. All people, registered in the apartment and listed at ZhEK, agree to remove their “propiska” within 15 days after the Title is transferred to the Buyer.
- 1.3. The HOUSING consists of _____ dwelling rooms, with _____ square meters of total space, including dwelling space in the amount of _____ square meters.
- 1.4. The purchase price of the HOUSING is _____ USD, to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer.
- 1.5. The agreed-upon price of the HOUSING includes the price of the corresponding part of the land, as well as the right of ownership upon it, turned over to the SELLER together with the HOUSING.
- 1.6. By this Agreement, in accordance with Article 564 of the RA Civil Code, simultaneously all rights upon that part of the land which is occupied by real estate and is necessary for its utilization are transferred to the BUYER.
- 1.7. As a result of signing this Agreement the HOUSING is purchased as a common (joint, shared) property by the citizens mentioned below:
- _____ (name, passport data)
 _____ (name, passport data)
 _____ (name, passport data)
 _____ (name, passport data)
- 1.8. The SELLER guarantees that at the moment of signing of this Agreement the HOUSING is not sold, donated, mortgaged or otherwise alienated, which is proved by a certificate issued by the Real Estate Regional Cadastral Department. The SELLER guarantees that the HOUSING to be transferred to the BUYER is free from the rights of other parties, and that third parties have no rights upon this HOUSING, and if such rights arise the SELLER is solely responsible for it.
- 1.8.1 The SELLER states that he/she is informed that when the BUYER and SELLER will be signing the Sale Agreement, the obligations and responsibilities of the parties are contingent on the signing of another Sale Agreement for a second housing unit by the household members mentioned below in the Housing Certificate No. _____
- _____

- 1.9. The SELLER's right of ownership upon the HOUSING is stopped and the BUYER's right of ownership starts at the moment of registration of that right with the Real Estate Regional Cadastral Department.

2. Payment Procedures

- 2.1. The BUYER buys the HOUSING with the price of _____ USD (to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer), which is provided to him/her as a free subsidy in the framework of the EQZRP, on the basis of Certificate # _____ serial # _____, with the price of _____ USD (to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer).
- 2.2. And paying _____ Drams of own funds (in case the BUYER purchases a more expensive HOUSING than the price of the Certificate).
- 2.3. The Payment procedures are as follows:
- 2.3.1. The Bank transfers the dram-equivalent of _____ USD (calculated based on the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer) from the BUYER's blocked account to the SELLER's current account within _____ days after the receipt of the notification that this Sale Agreement is registered with the Real Estate Regional Cadastral Department.
- 2.3.2. Immediately upon receipt by the Bank of the notification that the Sale Agreement is registered with the Real Estate Regional Cadastre Department the SELLER is authorized to receive 80%

of total sum. The remaining 20% will be paid to the SELLER as soon as the HOUSING is actually turned over to the BUYER and the signed Transfer Statement or other bilateral document is submitted to the Bank, and after the procurement of the second housing unit related to this same housing purchase certificate _____ is accomplished and the right of ownership for this second housing unit is issued.

- 2.4. The SELLER pays for all the expenses related to the signing of this Agreement, its notarizing and registration with the Real Estate Regional Cadastral Department.

2. The Rights and Obligations of the Parties

2.1. The rights of the SELLER

- 2.1.1. In case the BUYER does not pay for the HOUSING mentioned in this Agreement in a timely manner, the SELLER has the right to expect that the BUYER will pay the sum specified in this Agreement, as well as percents as stipulated by Article 411 of the RoA Civil Code.
- 2.1.2. In case the BUYER refuses to accept and pay for the HOUSING by violating this Agreement, the SELLER has the right, at his/her own discretion, either
- a) to expect that the BUYER pays for the HOUSING or
 - b) to refuse to fulfil this Agreement.

2.2. The obligations of the SELLER

- 2.2.1. After this signed and notarized Sale Agreement is registered at the Cadastral Department, and a new Certificate of Ownership has been issued, the SELLER is responsible for turning over the HOUSING to the BUYER within 15 days, according to the Transfer Statement or other transfer document.
- 2.2.2. Turn over to the BUYER the HOUSING accessories, as well as all the appropriate documents simultaneously with turning over of the HOUSING.
- 2.2.3. Turn over to the BUYER a HOUSING free of the third parties' rights upon it.
- 2.2.4. Prior to execution of this Agreement recover the BUYER's losses in case the HOUSING is confiscated/seized by a third party in an order foreseen by legislation.
- 2.2.5. Provide the BUYER's participation in the investigation in case an action is brought in for confiscation of the HOUSING by a third party prior to execution of this Agreement.

2.3. The rights of the BUYER

- 2.3.1. To renounce this Agreement in case the SELLER refuses to turn over the sold HOUSING and in accordance with the standard order inform the Bank about the claim of the funds transferred to the SELLER's account.
- 2.3.2. To renounce the HOUSING in case the accessories and documents related to the HOUSING are not turned over to the BUYER within the timeframes foreseen by this Agreement.
- 2.3.3. In case the SELLER turns over to the BUYER a HOUSING that does not correspond to Paragraph 1.3. of this Agreement, claim that the SELLER turns over an appropriate HOUSING, or renounce the turned over HOUSING, or refuse to pay for it, and if the payment is already made, claim the paid funds.

2.4. The obligations of the BUYER

- 2.4.1. The BUYER registers the Right of Ownership and All Rights Therein (if required) with the Real Estate Regional Cadastral Department within _____ calendar days.
- 2.4.2. The BUYER makes payments for the HOUSING in accordance with the order, timeframes and amounts stipulated under Paragraph 2 of this Agreement.
- 2.4.3. The BUYER takes over the HOUSING from the SELLER according to the Turnover Statement.
- 2.4.4. The BUYER acts as the SELLER's legal successor in the issues related to the HOUSING maintenance, taxation, construction and other obligations.

3. The Responsibilities of the Parties

- 3.1. The Parties are responsible with their property for not fulfilling or improper fulfillment of their obligations, in accordance with the RoA legislation.
- 3.2. If non-fulfillment or improper fulfillment of the obligations is the result of *force major* circumstances, which have arisen after signing of this Agreement, and which have not been foreseen by the Parties (earthquake, flood, fire, military actions, etc.) and which, irrespective of

the will of the Parties, make impossible the execution of the obligations stipulated under this Agreement, the Party that has not fulfilled his/her obligations under the *force major* circumstances, has to justify and present evidence that he/she has taken all necessary measures for the fulfillment of this Agreement.

- 3.3. The BUYER has the right to cancel this Agreement and claim the damages in case of revealing of such defects of the HOUSING that have not occurred or have not been revealed at the moment of signing of the Agreement, and the BUYER learns about them after the turnover of the property, and if those defects make impossible its utilization, thus making it unfit for dwelling.

4. The Term of the Agreement

- 4.1. This Agreement enters into force from the moment of its signing and is valid until the Parties fully execute the obligations stipulated by this Agreement.
- 4.2. The relations between the Parties are stopped after all the terms and payments stipulated under this Agreement are carried out in full. The terms of this agreement will be considered accomplished if in accordance with Housing Purchase Certificate No. _____, dated _____, two apartments were successfully procured and the Certificate Holder and the members of his family have adopted these two units in accordance with the turnover statements, and if the SELLERs of those apartments have received the payment completely.

5. Concluding Provisions

- 5.1. All the additions and changes or the canceling of the Agreement are carried out through the written consent of the Parties or the decision of the Court of Laws.
- 5.2. Anything not regulated by this Agreement is regulated according to the Republic of Armenian legislation.
- 5.3. The arguments related to this Agreement are resolved through negotiations. If the mutual consent is not achieved the arguments will be resolved in the _____ (Court name).
- 5.4. This Agreement is concluded in Armenian, in two (2) copies, which have equal legal power. Each of the Parties is given one copy.

SELLER
Passport _____
Address _____
Signature _____

BUYER
Passport _____
Address _____
Signature _____

Document Checklist

#	Documents	Note on availability
1	Document Checklist	
2	Notification of Process Suspension	
3	Housing Certificate (stamped by Bank) (photocopy)	
4	Contact Information Form	
5	Seller's Questionnaire	
6	Municipality's Official Notice	
7	Rejected Presale Agreement	
8	Presale Agreement	
9	Seller's Certificate of Ownership	
10	Housing Physical Inspection Finding	
11	Certificate on Real Estate	
12	Agreement by Other Parties on Sale of Housing Unit (if applicable)	
13	Finding on Juridical Expertise of Housing Documents	
14	Declaration on Acceptance/Rejection of Housing Unit	
15	Request for Approval of Housing Purchase Transaction	
16	Application for Revocation of Presale Agreement	
17	Instruction on Opening of Current Account	
18	Agreement for Opening the Account	
19	Bank Statement	
20	Application for Opening the Blocked Account	
21	Agreement for the Opening of the Seller's current account	
22	Decision on Concurrence/Nonoccurrence for Funding of the Housing Purchase Transaction	
23	Conditional Commitment Letter	
24	Notarized Housing Sale Agreement (copy)	
25	Copy of the Certificate on Real Estate (the Cadastral Department's <i>Form No. 8</i>)	
26	Request for Funds Transfer to the Certificate Holder's Blocked Account	
27	Certificate of Ownership	
28	Receipt Stub	
29	Original Housing Purchase Certificate	
30	Bank Statement indicating receipt of funds in the Certificate Holder's blocked account	
31	Bank Statement indicating the transfer of funds from the account containing the Certificate Holder's own resources to the Seller (if applicable)	
32	Bank Statement indicating the transfer of the first subsidy payment (80%) from the Certificate Holder's blocked account	
33	The bank statement reflecting receipt of the Certificate Holder's own resources in the Seller's account (if applicable)	
34	The bank statement reflecting receipt of the 1 st subsidy transfer in the Seller's account	
35	Transfer Statement	
36	Bank statement reflecting the transfer of the 2 nd subsidy transfer to the Seller (20% payment)	

37	Bank statement reflecting receipt of 2 nd subsidy transfer in the Seller's account	
38	Hand Over Act of Temporary Housing	
39	Certificate Holder's agreement with the Bank (standard bank application form) to open the current account	
40	Bank statement reflecting transfer of subsidy remainder to Buyer's current account	
41	Bank statement reflecting receipt of the subsidy remainder in Buyer's current account	
42	Decision on Extension Request	

Notification of Process Suspension

_____ (date)

To: Mr. Steven Anlian,
Program Manager

From: _____ (bank name and location)

This is to inform you that the Certificate # _____ issued under the
name of _____
was presented to the bank for _____ (process) on _____ (date).

Certificate processing was suspended for the following reason:

Please inform the certificate holder and us on the actions needed to resume certificate processing.

(Name)

(Signature)

(Position)

Contact Information Form_____
(date) # _____

1. Certificate

(Certificate number and series)

2. Certificate Holder

(Surname, first name, patronymic)

3. Residence address

4. Contact phones

_____/_____
(home) (office)

5. Optimal way to contact the Certificate Holder (specify)

(Name)_____
(Signature)_____
(Position)

DESCRIPTION OF THE MAIN TERMS AND CONDITIONS OF THE PROGRAM

The main terms and conditions of the “Armenian Earthquake Zone Housing Certificate Program” are presented in this document. This exhibit contains answers to the most often asked questions regarding the housing certificate program. Questions and answers are divided into four sections: Certificate, Housing, Purchase of Housing and Subsidy Remainder.

Section 1: The Certificate

What is a “Housing Certificate”?

You have received a Housing Certificate for purchasing a housing unit from the project manager. This certificate provides the holder with a subsidy, in Armenian Drams, to purchase a new housing unit to replace the housing lost in the Earthquake.

The Certificate is a non-transferable document. Only you and the members of your family mentioned on the Certificate are authorized to use the housing subsidy.

What to do if the Certificate is lost?

You have to apply immediately to the Representative of the Program Manager or to the Bank at which you registered with an Application for Replacement Certificate. However, please remember that the Replacement Certificate will indicate the same expiration date as the lost Certificate. Therefore, it is important to safeguard and keep track of the certificate that is given to you.

How long is the Certificate Valid?

The certificate is valid for **three months from the date of its issuance**. Within that period the holder must find appropriate housing, the bank has to organize an inspection of the housing unit, and you and the seller must sign a Sale Agreement for the housing unit.

Is it possible to extend the validity of the Certificate?

Yes, it is possible. If you do not manage to sign a Sale Agreement with a seller of a housing unit before the certificate expires (3 months), you can apply to the Urban Institute for a request to extend the validity of the Certificate. The request must be within ten days of the Certificate’s expiration. In order to have the request approved, you must meet with an Urban Institute employee who will forward your request to the Program Manager.

The validity of the Certificate can only be extended by the Project Manager for an additional 90 days (3 months).

What does the “Certificate Registration Bank” mark on the Certificate indicate?

The bank registration mark indicates the bank (or its branch) at which you have presented your certificate in order to use subsidy funds. All transactions for buying a housing unit will be carried out by that bank.

The bank employees will assist you in completing all the steps of the Certificate Program. You may consult with them about all the issues related to the selection and purchase of a housing unit. Questions may also be directed to your local NGO and to UI Program Staff.

Which banks are participating in the Program?

Information to come.

Section 2. Housing**The housing unit may consist of how many rooms?**

The Certificate indicates, together with the amount of the allocated sum, the minimal number of rooms in the housing unit you are authorized to buy with the subsidy funds. You may buy a larger housing unit, but you may not buy a smaller housing unit than that indicated on the Certificate.

Example:

If you hold a Certificate to buy a two-room housing unit, you are entitled to buy a two-room apartment (house), as well as a three-, four- or more room apartment or house. The important thing is that the number of habitable rooms in the purchased housing unit is equal to or greater than the number indicated on the Certificate. You will not be allowed to buy a one-room apartment (according to the terms of this example).

Where can I buy a housing unit?

You are entitled to purchase a housing unit anywhere in the Republic of Armenia.

Is it permitted to buy damaged or unfinished housing?

No, it is not.

According to the program terms, the certificate can only be used to privatized housing units designated as permanent shelter that are ready for occupation. A representative of the bank will conduct a physical inspection of the housing unit. Incomplete and/or damaged (category III or worse) housing units will be rejected for purchase.

Can the cost of the housing unit be more expensive than the monetary value of the Certificate?

Yes, it can.

In this case you would have to utilize your own sources of funds to cover the cost of the unit in excess of the certificate amount.

Can the cost of the housing unit be less expensive than the monetary value of the Certificate?

Yes, it can.

The important thing is that the purchased housing complies with the requirements of the program (in number of rooms acceptable for habitation, etc.). The subsidy remainder will remain with you after the housing unit is purchased.

More detailed information on how and when you can receive the subsidy remainder is presented in the “Subsidy Remainder” section.

How will the payment for the housing unit purchase be made?

The housing purchase payment will be made only in Armenian Drams and only through bank transfer. Detailed instructions on fund transfers will be provided to you by the bank.

Is it possible to sell the housing purchased through Certificate subsidy?

Yes, it is possible, but only after two years from the date of purchase.

One of the terms of your participation in the Program is your commitment NOT TO SELL the housing purchased by subsidy funds within two years after its purchase. This restriction will be recorded in the cadastral records for this property. Under extenuating circumstances, you may apply for and receive a waiver of this restriction. Eligible circumstances may include relocating to another city because of change in employment, military service transfer, death of family member(s), or the need to sell the apartment to buy a larger apartment because of change in family conditions and economic means, etc.

The Housing Issues Committee (as established by Government Decree No. 432, June 1999) in your city will make the determination whether your application is justified for waiving the two-year resale restriction, based on adequate documentation.

After two years you are entitled to sell, exchange or even donate that housing.

Under whose name is the purchase of the housing registered?

In accordance with the terms of the Program, the Sale Agreement is registered under the names of the Certificate Holder and all adult members of his/her family.

Section 3. Purchase of the Housing

Why do you register the Certificate in the bank?

This Program is developed so that the payment for the purchased housing is made only through bank transfers. That is why the Certificate has to be registered at a participating bank.

How do I find a housing unit to purchase?

You are entitled to look for a housing unit independently, as well as with the help of mediators. You may want to use a real estate agency authorized by the Program Manager to locate a suitable and available apartment unit. If the real estate agency is not able to provide you with appropriate addresses, or you feel that you need special help, your local participating NGO will also provide assistance in the home search process.

What is the Presale Agreement (“Protocol About Intentions”)?

It is a document that you have to sign with the seller of the selected housing unit. In this document, you indicate the price of the housing unit and the consent of the seller with the payment procedures.

How many housing options can be presented to the bank for consideration?

The number of housing options that may be presented to the bank for purchase consideration is unlimited. Upon canceling of one housing option, you are entitled to present another one. But remember that the Certificate validity period is limited to three months, which is why the certificate holder should not delay the search for a suitable housing unit.

How is the inspection of the selected housing unit carried out?

After the Presale Agreement is signed and submitted, bank specialists will check the documents, and then will visit the housing unit at the address indicated in the Presale Agreement to find out if the housing unit selected by you exists, is acceptable for habitation, and complies with all the other requirements of the Program.

Upon completion of the inspection, the bank will inform you whether the housing is acceptable for purchase.

Note that the bank will only check the unit to see if it meets program guidelines; you are responsible for determining if the unit is in a condition acceptable to *you* for habitation.

Can you make prepayment or advance payment to the seller?

It is not recommended to make any prepayment or advance payment to the seller. The bank might find the housing unacceptable for purchase and you might lose the

prepayment or advance payment. No funds from the Certificate value will be released to make advance payments.

What is the bank check on your solvency?

If the subsidy fund is not sufficient to cover the purchase of the selected housing unit, you must deposit the amount exceeding the certificate value in your current bank account. Only when you have done so will the bank accept the selected housing unit and agree to pay for it using subsidy funds.

When do I sign the Sale Agreement with the seller?

You may sign the Sale Agreement immediately upon receipt of notification from the Program Auditor on his/her approval of the housing sale and transaction. The development of the documents on the sale and purchase of the housing should be carried out either on the Bank premises, or in the presence of a Bank employee.

How much are the fees and duties for signing and registering the Sale Agreement?

The average for Armenia is 58,000 to 60,000 Drams. More detailed information on the obligatory dues and duties is presented below.

Who pays the dues and duties while signing and registering the Sale Agreement?

The seller of the housing unit pays in full all the necessary dues and duties for registration of the Sale Agreement. No funds from the Certificate can be released in advance to pay for these fees.

Is it possible to cancel a housing buying transaction?

Yes, it is possible.

If you (or the seller of the housing) chooses not to buy (or sell) the housing for any reason, you have to apply to the bank for canceling of the housing buying-selling transaction. It is possible to cancel the transaction at any time during the Certificate's validity, but not after the Sale Agreement is notarized.

What is a “special blocked account”?

It is a special purpose bank account that you must open in the bank where your Certificate is registered. The certificate funds allocated to you for purchasing a housing unit will be transferred into that account. The account is called “blocked” because you may use the subsidy funds only for payment for the selected housing unit and only through bank transfer in accordance with program procedures. You cannot access these funds for any other purpose.

The Bank experts will provide you with detailed information on the procedures and time of opening of this account.

When is the Certificate finally handed over to the bank?

You hand over your Certificate to the bank upon receiving the “Real Estate Certificate of Ownership/Right of Usage” for the purchased housing unit from the Regional Cadastral Department. The Bank employee fills in the Certificate receipt stub, removes it and passes it to you as an acknowledgment that you have fulfilled all the requirements of the Program.

When and how is the payment for the housing unit made?

The Program Manager transfers the subsidy funds in full to your blocked bank account within 10 days after notarizing the Sale Agreement and submitting it to the Regional Cadastral Department for registration. The bank further transfers necessary funds to the bank account of the seller of the housing unit.

The funds will be transferred to the seller according to the following procedures:

80% - upon presentation of the Real Estate Certificate of Ownership/Right of Usage to the Bank demonstrating the transfer of title to the certificate holder;

20% - upon presentation to the Bank of the Transfer Statement signed by you and the seller, which indicates that all utility bills have been paid and that former residents have been de-registered from the address.

Can the Certificate Holder and his/her family members keep the temporary residence formerly occupied by them?

No, they cannot.

Turning over the housing formerly occupied by you and your family members to your Municipality is an obligatory requirement for receiving the Certificate. You have legally bound yourself to handing over your household's temporary shelter upon receiving title to permanent shelter when you signed the Municipality Agreement before you received your certificate.

Section 4. Subsidy Remainder**What is the “subsidy remainder”?**

Subsidy remainder is the sum which is left in your blocked account after the payment for the housing purchase is made.

Example:

The subsidy value is the dram equivalent of USD 2,000. You have purchased a housing unit for the dram equivalent of USD 1,800. The difference between the Certificate subsidy sum and the price of the housing unit (the dram equivalent of USD 200) is the subsidy remainder.

How can you receive the “subsidy remainder”?

You may receive the subsidy remainder only after you have vacated your household's temporary residence(s) and turned over the temporary shelter and all rights therein to your Municipality. Upon presenting the legal act (the Handover Act) signed by both you and a representative of the Municipality, the bank will transfer the subsidy remainder from your blocked account to a current account opened by you at the same bank.

You may apply to the following organizations with all the issues regarding the Housing Certificate Program.

1. Urban Institute

Gyumri Office

Address: to come

Phone: to come

Contact person:

Armen Varosyan, Social Sector/NGO Manager

Sarah Polen, Resident Advisor

2. Participating NGOs

Names: to come

Address: to come

Phone: to come

Contact person:

to come

3. Participating Banks

(note that you should only apply to the bank at which your certificate is registered)

Names: to come

Address _____

Phone _____

Contact person _____

2. Participating Government Bodies

Gyumri Municipality

Address: Gyumri City Hall

Phone: 2-47-82; 3-62-47

Contact person: V. Hambartsumyan, Deputy Mayor

Shirak Marzpetaran

contact info to come

Stepanavan Municipality**Spitak Municipality****Vanadzor Municipality**

contact info to come

Lori Marzpetaran

contact info to come

FOR BANK USE ONLY

Certificate number _____ **Date** _____
Name of seller _____
Address of unit being sold _____
Is this a two unit transaction? _____ **YES** _____ **NO**

[This sheet is to be filled in by each seller. Two forms must be filled out if there are two sellers. The seller is whoever signs the documents at the closing.]

The Program Manager (The Urban Institute) is interested in your experience with the Housing Certificate Program. Your response to the following questions will help us improve the program for future Buyers and Sellers. Please be assured that the information contained in this questionnaire is confidential. We will combine your answers with those of other sellers, and it will not be possible to identify who gave a particular answer.

1. How did you find the Buyer?

Please circle ONE answer only.

- a. Through a real estate agency.
- b. Through a paid advertisement (newspaper, television, or radio).
- c. Through the Program Information Center listings.
- d. Through people you knew (word of mouth).

2. Please state where you have been living prior to filling out this questionnaire.

Please circle ONE answer only.

- a. Within the same city/town (name: _____)
- b. A different city/town in Armenia (name: _____)
- c. A different country (name: _____)

3. Please explain where your next permanent (not temporary) home will be.

Please circle ONE answer only.

- a. I will not move because the sold unit was vacant.
- b. Within the same city/town (name: _____)
- c. A different city/town in Armenia (name: _____)
- d. A different country (name: _____)

4. What do you think about your future **permanent** housing?

Please circle ONE answer only.

- a. Housing will be noticeably better
- b. Housing will be somewhat better
- c. Housing will not change
- d. Housing will be somewhat worse
- e. Housing will be noticeably worse

5. What are the main reasons for why you sold your house? (e.g., wanted to move to a better house, wanted to move to get a better job, needed the money, wanted to move in with relatives, wanted to move to a smaller home, or any other reasons important to you.)

6. As a part of our program, we may want to contact you again in the future. Please provide your new permanent address and telephone number, if known.

7. Please provide the address and telephone number of a close family member, neighbor, or friend who will know how to reach you after you move.

OFFICIAL NOTICE
(on Municipal Letterhead)

I would like to inform you that

1. After you have sold your permanent housing, you do not have a right to obtain a domic or temporary shelter or move into an empty building or other temporary shelter.

2. Registering in a temporary shelter that belongs to another resident is also forbidden.

Please complete in your own handwriting:

I _____
(name, patronymic, surname)

have read and agree to act in accordance with the legislation cited in the above-mentioned points.

Signature _____

Date _____

Respectfully,

(signature)

Mayor of _____(city)

**Presale Agreement
(Protocol About Intentions)**

_____ (City) _____ (date)

_____ (surname, patronymic, name)

Passport serial # _____ # _____, code _____

issued _____

Address _____

hereinafter referred to as the “BUYER,” and

_____ (surname, patronymic, name)

passport serial # _____ # _____, code _____

issued _____

Address _____

hereinafter referred to as the “SELLER”, have concluded the following Agreement:

1. The SELLER sells and the BUYER buys an apartment (in an apartment building) or a house as a real estate, located at

which has the following specifications:

total space _____ square meters

dwelling space _____ square meters

floor _____

number of rooms _____

availability of water and sewerage system _____

availability of electricity _____

availability of gas _____

bathroom _____

It is understood and agreed to by the parties (Buyer and Seller) that the following specifications for fixtures and appurtenances applies for disposition at sale:

Any other items not listed will not be part of the sale.

2. The agreed-upon price of the housing unit is _____ USD,
to be paid in drams at the dram-buying rate set by HSBC Bank on the day the
money is transferred by the Urban Institute to the blocked account of the buyer.
- 2.1. The price of the land as well as the price of its ownership is included in the price
of the housing unit.

3. The SELLER is informed that the housing unit is purchased within the framework
of the Housing Certificate Program and as a result, the payment will be made by
bank transfer. 80% of total payment will be made after registration of the
BUYER'S Right of Ownership with the Real Estate Regional Cadastral
Department, and the remaining 20% will be paid upon the actual turnover of the
housing unit to the BUYER and the submission of the Transfer Statement, signed
by both parties, and of the official documents from ZhEK, demonstrating the de-
registration of the people registered in that apartment, to the bank.

4. The housing unit, according to the SELLER's declaration and presented
documents, belongs to _____

_____ (include name and passport data)

5. The SELLER confirms that at the moment of signing this Agreement the housing
unit is not mortgaged, is not under lien and does not belong to other parties, and
other parties have no right of usage over the unit. The SELLER guarantees that
the designated housing unit will not be sold, donated, mortgaged, exchanged or
otherwise alienated to a third party before the signing of the Sale Agreement. The
housing unit will be kept in the same condition as when agreed upon and as
reflected in the Housing Physical Inspection Finding completed by the bank
representative.
6. The SELLER pays all the expenses related to the signing of this Agreement, its
notarization and registration with the Real Estate Regional Cadastral Department.
7. The SELLER passes to the BUYER all the accessories and documents upon
signing of the Sale Agreement and state registration of ownership of the housing
unit as required by standard order.

8. Prior to signing of the Sale Agreement both the SELLER and the BUYER are free to cancel this Agreement at any time, as well as make changes and additions which do not contradict the legislation of the Republic of Armenia. In case any material loss is inflicted by one of the Parties to the other Party, the Party who has caused the material loss is obliged to reimburse the damages.
9. The SELLER and the BUYER confirm that they are informed about the requirements of the Housing Purchase Certificate Program, as well as the provisions of the Republic of Armenia Civil Code related to housing sale and purchase, which was explained to and understood by both parties.
10. The SELLER and the BUYER conclude the housing Sale Agreement in Armenian, in two copies which have the same legal power.
11. This Presale Agreement is signed in three copies, two copies are passed to the Parties and the third copy is passed to the Bank.
12. The signatures of the Parties:

SELLER _____
(signature, surname, patronymic, name)

BUYER _____
(signature, surname, patronymic, name)

Certificate _____

Housing Physical Inspection Finding

" ____ " _____ (date)

1. General Housing Characteristics

Address: _____

Number of rooms ____ Building ☐ Number of floors ____ Apartment floor ____
 Single house ☐

Type of wall covering: plaster, paint, wallpaper
 Floor: concrete, wood
 Type of floor covering: linoleum, carpeting, parquet, wood, ceramic tiles
 Number of sinks (faucets) ____
 Cook stove _____(y/n)

2. This apartment is provided with the following utilities at an adequate level

Water (potable)	Yes ____	No ____
Sewer	Yes ____	No ____
Electricity (meter)	Yes ____	No ____
Phone	Yes ____	No ____
Gas (if applicable) (meter)	Yes ____	No ____
Bathtub	Yes ____	No ____
Toilet	Yes ____	No ____
Shower	Yes ____	No ____

In my professional judgement, the contracted housing unit meets (doesn't meet) satisfactory standards for residential living and is suitable for providing safe and adequate shelter for the beneficiary and his/her family.

MEETS ____ DOESN'T MEET ____

Comments on why the contracted housing unit doesn't meet satisfactory standards for residential living

—

_____/_____
(Name) (signature)

(Professional Degree / License Number (if applicable))

3. Defects which do not constitute grounds for rejection of the housing unit

1. _____
2. _____
3. _____
4. _____

I (Certificate Holder) certify that I have participated in the inspection of the house at the address mentioned above and am aware of the defects noted. In addition, I understand that some defects may be discovered in the future. Taking all this into account, I presently see no reason to prevent my agreement to purchase this housing unit.

_____/_____
(signature) (Name)

Certificate _____

Agreement by Other Parties on Sale of Housing Unit

_____ (date)

I _____, passport serial number: _____,
surname, name, patronymic

number: _____, code: _____, issued: _____,

address:

_____, as

the co-owner of the apartment located at the above-mentioned address, certificate of

ownership number: _____, having the date of issuance of _____, declare my

agreement that _____, may sell the residence located at
surname, name, patronymic

address: _____

to _____, who is a participant in the EQZRP. In addition I
surname, name, patronymic

certify that I will make no property rights demands whatsoever, related to the

residence, which is the subject of this agreement.

signature

Finding on Juridical Expertise of Housing Documents

_____ (date) # _____

_____ (Bank name and location)

The current Finding is developed as a result of inspecting the following documents:

1. Presale Agreement "Protocol About Intentions" # _____
2. "Certificate on Registration of Real Estate Ownership (Utilization)" # _____
3. "Real Estate Certificate" # _____ issued _____ (date),
by _____
(full name of the Cadastral Unit)
4. Agreement by Other Parties on Sale of Housing Unit _____
(available/ not available)

It is ascertained that the housing unit, mentioned in the "Protocol About Intentions"
_____, _____ with the State Cadastral as a real
(registered/not registered)
estate, consists of _____ rooms and is located at the address:

The housing unit is a _____ property.
(private/common)

Citizens, who have proprietary rights upon the housing unit:

(name of owner)

(name of owner)

(name of owner)

(name of owner)

Citizens, who have usage rights upon the housing unit: _____
(available/ unavailable)

(name of the person who has usage rights)

(name of the person who has usage rights)

(name of the person who has usage rights)

Consent on disposition of the housing unit is drawn up

_____ (correctly/incorrectly)

and is received from _____ citizens, who have proprietary rights or
(all/not all)

usage rights upon the above mentioned housing unit.

The housing unit is owned by the seller as the result of _____
(privatization/other)

The housing unit _____ a collateral, under lien or mortgaged.
(is/is not)

Certificate Holder _____ and the persons, nominated in the Certificate as the
owners of the housing unit purchased through subsidy funds _____
(are/are not)

the same as the buyer of the housing unit and the persons nominated in the "Protocol
About Intentions" # _____ as co-proprietors of the housing unit to be
purchased.

Address and number of rooms _____ to the data in
(corresponds/does not correspond)

The "Protocol About Intentions" # _____

Number of rooms _____ to the Program requirements.
(corresponds/does not correspond)

Conclusion: the presented housing documents _____
(correspond/do not correspond)

to the requirements of the Program.

(name)

(signature)

(position).

Declaration on Acceptance / Rejection of Housing Unit

_____ (date)

_____ (bank name and location)

We have come to the conclusion that the housing unit mentioned in the documents mentioned below is _____ for purchase
(accepted/rejected)
within the framework of the Program.

The Declaration is made as a result of the inspection of the following documents:

1. Housing Inspection Finding # _____
2. Finding on Acceptance /Rejection of Juridical Documents # _____ .

(Name)_____
(Signature)Head of _____ (Bank Name and Location)

Stamped.

**Request for Approval of Housing Purchase Transaction with Use of
Subsidy Payment**
(on bank letterhead)

_____ (date)

To: KPMG Armenia Auditing Company
Auditor of the EQZRP Certificate Component

From: _____(bank name and location)

Enclosed please find the package of documents on the intended purchase of the housing unit with use of subsidy funds. We request that you prepare the Decision on Concurrence/ Non-concurrence for Funding the Housing Purchase Transaction selected by Mr./Ms. _____

(Name)

the Holder of Certificate # _____

The attached documents are free of material misstatements, including omissions, and represent exact copies of the originals.

(Name)

(Signature)

(Position)

**Application for Revocation of Presale Agreement and
Canceling of Sale and Purchase Transaction of the Housing Unit**

_____ (date) # _____

To: _____ (bank name and location)

From: _____

Holder of Certificate # _____ .

Application

_____ (date) Presale Agreement signed by me and
Mr./Ms. _____, the Seller of the housing
unit located at _____
was submitted to your Bank.

Please consider the indicated Presale Agreement revoked for the following reasons:

and cancel the sale and purchase transaction.

(Signature)

**Instruction on Opening of Current Account and
on Depositing of Own Funds**(on bank letterhead)

_____ (date)

From: _____ (bank name and location)

To: Mr./ Ms. _____

Holder of Certificate # _____ .

This is to inform you that proceeding from the terms of the Presale Agreement # _____
signed by you, a current account in _____ branch

(Branch, subsidiary and address)

under your name must be opened within 5 (five) business days after receiving this

Instruction and an amount of _____ Drams _____

(Amount in figures)

(Amount in words)

must be deposited into that account.

(Name)_____
(Signature)_____
(Position)

Application for Opening the Blocked Account

_____ (date)

To: _____(bank name and location)

From: _____
Holder of Certificate # _____.

This is a request to open a special purpose blocked account to facilitate transactions related to the purchase of housing with use of subsidy funds in accordance with the terms and conditions stated in the “Agreement on Opening of Blocked Accounts for Housing Certificate Holders” signed between the Program Manager and your Bank.

(Signature)

**Agreement about Opening of the Blocked Accounts for the
Housing Certificate Holders (*DRAFT*)**

____ (date)

The Armenian Branch of the Urban Institute, hereinafter “the Customer,” represented by its director, Steven Anlian and acting in accordance with the Urban Institute’s charter and on the basis of the authorization given by the founders, constituting one side,

and

<bank’s name>, hereinafter referred to as “the Bank”, represented by the General Director of the company, <general director’s name>, and acting in accordance with its charter, constituting the other side,

in order to carry out the Armenian Earthquake Zone Recovery Program, hereinafter “the Program,” have concluded this agreement about the following:

1. By this agreement the Bank is obligated to accept from the Customer the list of the housing certificate holders and to open in the names of the people mentioned therein, the blocked accounts, and credit these accounts with the received funds, and to carry-out the Customer’s request related to the transfer from these accounts for the provision of the necessary amounts of money and other operations in accordance with the Bank Manual.
2. The Bank is obligated to open the blocked account in the name of the person applying on the basis of: this agreement, the Application for Opening the Blocked Account, and the list of the certificate holders, in accordance with the banking regulations about opening of such accounts, which are set forth corresponding to the law of the Republic of Armenia and which also take into account the terms and conditions of the Bank Manual, which are also in compliance with the law of the Republic of Armenia and with the contract signed between the Urban Institute and the Bank dated _____ and having the number _____.
3. The Bank has no right to reject the opening of the account, so long as the operations to be carried out by such accounts are permissible by:

The law of the Republic of Armenia;
The Bank’s charter;
and by the permission given to the Bank,

as well as by this agreement and by the Bank Manual.

4. The Customer will ensure that the individual certificate holders are permitted to make and receive transfers in accordance with the law of the Republic of Armenia, the corresponding banking regulations, and by the terms of the bank accounts as well as by the presentation of the documents required by the Bank Manual.
5. The Bank has no right to make decisions and to supervise or to direct the financial resources of the Customer or to undertake any other restrictions not foreseen by law or by the terms of the bank account related to the financial resources, which entered the Bank for use in the Program, according to the terms of the Bank Manual
6. The Bank is obligated to deposit the financial resources allocated by the Customer into the blocked account of the certificate holder not later than the next day after the corresponding documentation related to that transfer will be received by the Bank in accordance with the Bank Manual.
7. The Bank is obligated, in accordance with the permission from and the request of the certificate holder to transfer the financial resources from the blocked account to the bank account of the seller of the housing unit, as foreseen by the Bank Manual, not later than the next day after the receipt of the necessary documents by the Bank.
8. All the issues related to the payment for the services provided by the Bank to the Urban Institute are governed by the contract signed between the Urban Institute and the Bank dated _____ and having the number _____.
9. The Bank is obligated to inform the customer about all transfers conducted by means of the corresponding reports as foreseen by the Bank Manual and according to the timing described in that manual.
10. The Bank will not be responsible in the event that it is not able to perform its responsibilities properly or completely because of the Customer's inadequate or untimely actions.
11. The Bank has no right to perform any action that is not enumerated in this agreement, the contract signed between the Urban Institute and the Bank dated _____ and having the number _____ or the Bank Manual.
12. Whatever is not governed by this agreement is regulated by the law of the Republic of Armenia, the contract signed between the Urban Institute and the Bank dated _____ and having the number _____ and the Bank Manual.
13. Disputes between the parties are to be settled according to the law of the Republic of Armenia.
14. The duration of this agreement is from _____ to _____.

Depositor

Bank

Housing Sale Agreement

_____(location)

_____ (date)

We, _____
(surname, patronymic, name)

passport serial # _____, # _____, code _____, issued _____,

address _____,

hereinafter referred to as the “BUYER,”

and _____
(surname, patronymic, name)

passport serial # _____, # _____, code _____, issued _____,

address _____

hereinafter referred to as the “SELLER,” have concluded the following Agreement:

1. The Subject of the Agreement

1.1. The SELLER sells and the BUYER buys an apartment as a real estate, number of rooms being _____ located at

_____ or a house
located at _____

hereinafter referred to as “HOUSING,” with the following specifications:

1.2. The HOUSING is owned by the SELLER, Certificate of Ownership #

_____, issued _____ (date)

by _____
(name of the issuing body)

1.2.1. The co-owners of the HOUSING are:

_____ (name) _____ (passport data)
 _____ (name) _____ (passport data)
 _____ (name) _____ (passport data)
 _____ (name) _____ (passport data)

- 1.2.2. The individuals who have usage rights to this housing unit, which is registered in the territorial subdivision of the real estate Cadastre as permitted under the law:

_____ (name) _____ (passport data)
 _____ (name) _____ (passport data)
 _____ (name) _____ (passport data)
 _____ (name) _____ (passport data)

- 1.2.3. The co-owners and those who have usage rights to the HOUSING agree that, in accordance with this Agreement, their ownership and usage rights accordingly are canceled. All people, registered in the apartment and listed at ZhEK, agree to remove their “propiska” within 15 days after the Title is transferred to the Buyer.

- 1.3. The HOUSING consists of _____ dwelling rooms, with _____ square meters of total space, including dwelling space in the amount of _____ square meters.
- 1.4. The purchase price of the HOUSING is _____ USD, to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer.
- 1.5. The agreed-upon price of the HOUSING includes the price of the corresponding part of the land, as well as the right of ownership upon it, turned over to the SELLER together with the HOUSING.
- 1.6. By this Agreement, in accordance with Article 564 of the RA Civil Code, simultaneously all rights upon that part of the land which is occupied by real estate and is necessary for its utilization are transferred to the BUYER.
- 1.7. As a result of signing this Agreement the HOUSING is purchased as a common (joint, shared) property by the citizens mentioned below:
- _____ (name, passport data)
 _____ (name, passport data)
 _____ (name, passport data)
 _____ (name, passport data)
- 1.8. The SELLER guarantees that at the moment of signing of this Agreement the HOUSING is not sold, donated, mortgaged or otherwise alienated, which is proved by a certificate issued by the Real Estate Regional Cadastral Department. The SELLER guarantees that the HOUSING to be transferred to the BUYER is free from the rights of other parties, and that third parties have no rights upon this HOUSING, and if such rights arise the SELLER is solely responsible for it.
- 1.9. The SELLER’s right of ownership upon the HOUSING is stopped and the BUYER’s right of ownership starts at the moment of registration of that right with the Real Estate Regional Cadastral Department.

2. Payment Procedures

1.1. The BUYER buys the HOUSING with the price of _____USD (to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer), which is provided to him/her as a free subsidy in the framework of the EQZRP, on the basis of Certificate # _____ serial # _____, with the price of _____ USD (to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer).

And paying _____ Drams of own funds (in case the BUYER purchases a more expensive HOUSING than the price of the Certificate).

1.2. The Payment procedures are as follows:

1.2.1. The Bank transfers the dram-equivalent of _____ USD (calculated based on the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer) from the BUYER's blocked account to the SELLER's current account within _____ days after the receipt of the notification that this Sale Agreement is registered with the Real Estate Regional Cadastral Department.

1.2.2. Immediately upon receipt by the Bank of the notification that the Sale Agreement is registered with the Real Estate Regional Cadastral Department the SELLER is authorized to receive 80% of total sum. The remaining 20% will be paid to the SELLER as soon as the HOUSING is actually turned over to the BUYER and the signed Transfer Statement or other bilateral document is submitted to the Bank.

1.3. The SELLER pays for all the expenses related to the signing of this Agreement, its notarizing and registration with the Real Estate Regional Cadastral Department.

2. The Rights and Obligations of the Parties

2.1. The rights of the SELLER

2.1.1. In case the BUYER does not pay for the HOUSING mentioned in this Agreement in a timely manner, the SELLER has the right to expect that the BUYER will pay the sum specified in this Agreement, as well as percents as stipulated by Article 411 of the RoA Civil Code.

2.1.2. In case the BUYER refuses to accept and pay for the HOUSING by violating this Agreement, the SELLER has the right, at his/her own discretion, either
a) to expect that the BUYER pays for the HOUSING or
b) to refuse to fulfil this Agreement.

2.2. The obligations of the SELLER

2.2.1. After this signed and notarized Sale Agreement is registered at the Cadastral Department, and a new Certificate of Ownership has been issued, the SELLER is responsible for turning over the HOUSING to the BUYER within 15 days, according to the Transfer Statement or other transfer document.

2.2.2. Turn over to the BUYER the HOUSING accessories, as well as all the appropriate documents simultaneously with turning over of the HOUSING.

2.2.3. Turn over to the BUYER a HOUSING free of the third parties' rights upon it.

2.2.4. Prior to execution of this Agreement recover the BUYER's losses in case the HOUSING is confiscated/seized by a third party in an order foreseen by legislation.

- 2.2.5. Provide the BUYER's participation in the investigation in case an action is brought in for confiscation of the HOUSING by a third party prior to execution of this Agreement.
- 2.3. The rights of the BUYER
- 2.3.1. To renounce this Agreement in case the SELLER refuses to turn over the sold HOUSING and in accordance with the standard order inform the Bank about the claim of the funds transferred to the SELLER's account.
- 2.3.2. To renounce the HOUSING in case the accessories and documents related to the HOUSING are not turned over to the BUYER within the timeframes foreseen by this Agreement.
- 2.3.3. In case the SELLER turns over to the BUYER a HOUSING that does not correspond to Paragraph 1.3. of this Agreement, claim that the SELLER turns over an appropriate HOUSING, or renounce the turned over HOUSING, or refuse to pay for it, and if the payment is already made, claim the paid funds.
- 2.4. The obligations of the BUYER
- 2.4.1. The BUYER registers the Right of Ownership and All Rights Therein (if required) with the Real Estate Regional Cadastral Department within _____ calendar days.
- 2.4.2. The BUYER makes payments for the HOUSING in accordance with the order, timeframes and amounts stipulated under Paragraph 2 of this Agreement.
- 2.4.3. The BUYER takes over the HOUSING from the SELLER according to the Turnover Statement.
- 2.4.4. The BUYER acts as the SELLER's legal successor in the issues related to the HOUSING maintenance, taxation, construction and other obligations.

3. The Responsibilities of the Parties

- 3.1. The Parties are responsible with their property for not fulfilling or improper fulfillment of their obligations, in accordance with the RoA legislation.
- 3.2. If non-fulfillment or improper fulfillment of the obligations is the result of *force major* circumstances, which have arisen after signing of this Agreement, and which have not been foreseen by the Parties (earthquake, flood, fire, military actions, etc.) and which, irrespective of the will of the Parties, make impossible the execution of the obligations stipulated under this Agreement, the Party that has not fulfilled his/her obligations under the *force major* circumstances, has to justify and present evidence that he/she has taken all necessary measures for the fulfillment of this Agreement.
- 3.3. The BUYER has the right to cancel this Agreement and claim the damages in case of revealing of such defects of the HOUSING that have not occurred or have not been revealed at the moment of signing of the Agreement, and the BUYER learns about them after the turnover of the property, and if those defects make impossible its utilization, thus making it unfit for dwelling.

4. The Term of the Agreement

- 4.1. This Agreement enters into force from the moment of its signing and is valid until the Parties fully execute the obligations stipulated by this Agreement.
- 4.2. The relations between the Parties end after all the terms and payments stipulated under this Agreement are carried out in full.

5. Concluding Provisions

- 5.1. All the additions and changes or the canceling of the Agreement are carried out through the written consent of the Parties or the decision of the Court of Laws.
- 5.2. Anything not regulated by this Agreement is regulated according to the Republic of Armenian legislation.
- 5.3. The arguments related to this Agreement are resolved through negotiations. If the mutual consent is not achieved the arguments will be resolved in the _____ (Court name).
- 5.4. This Agreement is concluded in Armenian, in two (2) copies, which have equal legal power. Each of the Parties is given one copy.

SELLER

Passport _____
Address _____
Signature _____

BUYER

Passport _____
Address _____
Signature _____

**Decision on Concurrence / Non-Concurrence for Funding the
Housing Purchase Transaction**

(on KPMG letterhead)

_____ (date)

To: _____ (bank name and location)

From: KPMG Armenia Auditing Company
Auditor of the EQZRP Certificate Component

In response to your Request for approval of housing purchase transaction with use of
subsidy payment # _____ dated _____, please be informed that we
have made a decision on _____

(concurrence / non-concurrence)

of the sale and purchase transaction of the housing unit selected by

Mr./ Ms. _____ ,

Holder of the Certificate # _____

Justification for non-concurrence:

(Name)

(Signature)

(Position)

Conditional Commitment Letter

(on bank letterhead)

_____(date)

To: Mr./Ms. _____

From: _____(bank name and location)

Please be informed that we have received the decision of the Auditor of the Armenian Earthquake Zone Recovery Program on approval to continue the sale and purchase transaction of the housing that you own and that is located at _____, according to the “Real Estate Certificate of Ownership/Right of Usage” # _____.

This is to certify that _____ (bank name) is committed to transfer the funds in the amount of _____ USD (to be paid in drams at the dram-buying rate set by HSBC Bank on the day the money is transferred by the Urban Institute to the blocked account of the buyer) to your current account opened in _____(bank name) on the condition that the Sale Agreement is signed with Mr./Ms. _____, Holder of the Certificate # _____, in compliance with all the requirements of the Program and the Presale Agreement # _____.

(Name)_____
(Signature)

/Seal/

(Position)

Request for Funds Transfer to the Certificate Holder's Blocked Account

(on bank letterhead)

_____ (date) # _____

To: KPMG Armenia Auditing Company
Auditor of the EQZRP Certificate Component
From: _____ (bank name and location)

This is to inform you that on _____ (date) the Sale Agreement with the use of subsidy funds (registration # _____), signed between Mr. /Ms. _____, holder of Certificate # _____ and Mr./Ms. _____, the Seller of the housing unit mentioned in Presale Agreement # _____, has been notarized.

This is to request that you approve the transfer of the subsidy funds indicated on Certificate # _____ in the dram-equivalent of the amount of _____ USD in accordance with the following requisites:

- payee _____ (name)
- bank _____ (name of the bank branch)
- blocked account # _____.

Attached to the Request is the package of documents, acknowledging that the parties have met all Program requirements.

1. Copy of notarized Sale Agreement with the use of subsidy funds (registration # _____);
2. Copy of Agreement (application) for opening the Seller's bank account (# _____) in his or her name;
3. Copy of the Application from the Certificate Holder for opening his or her blocked account (# _____).
4. Copy of the Certificate on Real Estate # _____ (Cadastral form # 8).
5. Copy of _____ (other documents, if required).

The attached documents are free of material misstatements, including omissions, and represent exact copies of the originals.

Branch Manager _____ / _____ /seal /
(name) (signature)

Transfer Statement

_____ City _____ (date)

_____, passport
(surname, patronymic, name)

serial # _____ # _____, issued _____ code, address

_____,
hereinafter referred to as the SELLER and

_____, passport
(name, patronymic, surname)

serial # _____ # _____, issued _____ code, address

_____,
hereinafter referred to as the BUYER, have completed the following Transfer
Statement in accordance with Article 568 of the RoA Civil Code.

1. According to the Agreement signed by the Parties on _____ (date),
which has been registered with the Real Estate Regional Cadastral Department

(registration number and date)

_____, the SELLER
(name, patronymic, surname)

is actually turning over the HOUSING, located at _____
_____, mentioned in the above Sale
Agreement, to the BUYER:

(name, patronymic, surname)

The specifications of the HOUSING are as follows:

Building _____ dwelling space _____ square meters

Address _____ total space _____
(corridor, kitchen, pantry)

Number of Rooms _____

2. _____, the BUYER
(surname, patronymic, name)

takes over from the SELLER the mentioned HOUSING in full and in the condition
that it has been at the moment of signing the Sale Agreement.

3. The SELLER has received the price of this HOUSING in full in accordance with
the Sale Agreement and has no other property demands on the BUYER.

6. The BUYER has received all the accessories and documents related to the HOUSING, that is

_____ Communal payments book (no outstanding payments due)
_____ Electricity payment stubs (no outstanding payments due)
_____ Telephone payment book (no outstanding payments due)
_____ the HOUSING keys

and the appropriate documents from ZhEK demonstrating that all previous residents have un-registered from the HOUSING. The BUYER has no demands on the SELLER related to this HOUSING.

7. This Transfer Statement is concluded in Armenian, in three (3) copies, copies are handed over to the SELLER, the BUYER and the Bank representative.

Signatures of the Parties

SELLER _____
(signature/name, patronymic/surname)

BUYER _____
(signature/name, patronymic/surname)

_____ (name), authorized representative of
_____ (bank name), certifies that the Parties have signed this Transfer Statement in my presence and acknowledge that the obligations undertaken by the Sale Agreement are fulfilled.

(surname, name, patronymic, signature)

HAND OVER ACT OF TEMPORARY HOUSING

_____ (date)

I _____ (name, patronymic, last name),
passport details: serial number _____, N _____, code _____, issued _____,
live _____ (temporary housing address), as well as my
other family members who live permanently with me in the above-mentioned
temporary housing and are registered in this housing by the Municipality:

(name, middle name, last name and passport details), who, hereby, will be called "HC
recipient," on the one side, and the representative of the Mayor of
_____ (city, surname, name, patronymic, position) on the other side,
hereby called "Administration," agree to the following:

1. The "HC recipient" hands over the temporary housing (address)
_____ (domic, dormitory, school room or other
housing) as well as its belongings and all property rights to that housing to the
"Administration."
2. The temporary housing had the following description at the moment of hand over:
 - a) year of placement and permission _____
 - b) occupancy area: total _____ sq. meters, residential _____ sq. meters
 - c) material _____ (metal, wood, stone, etc.)
 - d) number of rooms (are they isolated, or adjacent) _____
 - e) physical amortization depreciation _____
 - f) water pipe (available / not available), sewage _____ (available / not
available), sanitation _____ (available / not available),
 - g) radio network _____, TV network _____, phone _____.
3. At the moment of hand over, all belongings of the "recipient" have been removed
from the housing.
4. At the moment of the hand over, the "HC recipient" does not have an electricity
fee, phone fee or other debts related to housing, which are verified by payment
receipts or fee payment books. "HC recipient" also hands over the housing keys
to the "Administration."

5. The “HC recipient” guarantees that third persons have no property rights to the housing handed over.
6. The “Administration” takes over the temporary housing from the “HC recipient” in the same condition that it had at the moment of hand over.
7. The “Administration” is responsible for removing the temporary housing and restoring the location that had been occupied before by that housing.
8. This hand over and take over act is prepared in two copies with each party keeping one copy.

Signatures of Parties

HC recipient _____
(signature, name, middle name, last name)

Administration _____
(signature, name, middle name, last name)

Extension (of Certificate Validity)

_____(date)

To: EQZRP Housing Certificate Manager
_____(bank name and location)

From: Mr. / Ms. _____

This is a request to extend the validity of Certificate # _____,
issued to me, which expires _____ (date).

Please be informed that I did not manage to complete the housing purchase
transaction within the set time limit because of following reasons:

(Signature and date)

Extension until _____(expiration date) approved by
_____UI Social Staff person. The Bank representative is
authorized to make a corresponding entry in the Certificate # _____.

(Signature and date)

Application for Replacement Certificate

_____ (date)

To: Program Manager, EQZRP Certificate Component Manager

From: Mr. / Ms. _____

This is to inform you that on _____ (date) I lost Certificate #
_____ issued to me for purchasing a housing
unit in the framework of the EQZRP under the following circumstances:

Please consider Certificate # _____ void and issue a
Replacement Certificate to replace the lost one

Cert. No.	Date Registered	Date Presales Agreement Sent to Auditor	Date Presales Approved by Auditor	Date Sales Agreement Sent to Auditor	Received in Blocked Account		Price of Housing Unit 1 (USD)	Price of Housing Unit 2 (USD)	Transferred to Seller					
					80%				20%					
					Date	Amount (AMD)				Date	Amount Unit 1 (AMD)	Amount Unit 2 (AMD)	Date	Amount Unit 1 (AMD)

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Cert. No.	Transferred to Buyer				Date all documents sent to KPMG	Address Unit 1			Address Unit 2			Notes
	Remainder			Own Resources (contribute to 80%)		City	Street, Bldg. No.	Apt. No.	City	Street, Bldg. No.	Apt. No.	
	Date Hand-over Act Rec'd	Date	Amount									